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RUEHGG/UN SECURITY COUNCIL COLLECTIVE

C O N F I D E N T I A L KHARTOUM 001448

SIPDIS

NSC FOR MGAVIN, LETIM
DEPT PLS PASS USAID FOR AFR/SUDAN
ADDIS ABABA ALSO FOR USAU

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TAGS: [ECON](#) [EFIN](#) [EIND](#) [PGOV](#) [PREL](#) [SU](#)

SUBJECT: GNU MINISTER OF INDUSTRY DECRIES EFFECTS OF
SANCTIONS ON ECONOMIC DEVELOPMENT

Classified By: A/CDA Mark Asquino, for reasons 1.4 (b) and (d)

¶1. (C) Summary: In a December 16 meeting, Government of National Unity (GNU) Minister of Industry Jalal Yousif Al Dugair, a member of the opposition Democratic Unionist Party (DUP) lauded U.S. Special Envoy to Sudan (SE) General Scott Gration for his efforts to improve bilateral relations, but urged that SE Gration exert more effort to lift perceived "unjust" U.S. sanctions on Sudan. Al Dugair claimed that the sanctions hinder economic development and are hurting citizens of Sudan more than the regime. "I daresay the government is the least affected," he said. End Summary.

¶2. (C) Al Dugair began by recounting the turbulent history of U.S.-Government of Sudan (GOS) bilateral relations, culminating with economic sanctions being imposed on Sudan in ¶1997. The sanctions were the result of the designation of Sudan as a State Sponsor of Terrorism, he noted, adding, "And we both know Sudan is not harboring terrorists. In fact, it is quite to the contrary." He then proceeded to reflect on a history of what he described as broken promises and unfair treatment by the U.S. government (USG), claiming that despite these "injustices," Sudan remained extremely keen to normalize economic relations with the USG.

¶3. (C) Al Dugair alleged that there had been "bad, almost inhumane, effects of the sanctions on the Sudanese as a community and as a country, albeit not on the government." He continued in the same vein: "I daresay the government is the least affected by them." (Note: Al Dugair, a member of a splinter faction of the DUP, joined the current government in 2001.) He noted that the sanctions have stifled economic development, making large-scale infrastructure projects such as electricity generation and water treatment increasingly difficult to conceive. The sanctions have had further ripple effects, he said, that have negatively influenced the behavior of firms outside the U.S. He cited as examples various European and Japanese firms that he said have steered clear of Sudan due to their fear of U.S. regulatory backlash.

¶4. (C) Al Dugair also thanked SE Gration for facilitating an upcoming Sudanese technical delegation that will visit the Department of the Treasury's Office of Foreign Assets Control (OFAC) and other USG offices in January. He said of the delegation: "Our people are extremely well-briefed and have painstakingly prepared their technical arguments." He added that he hoped the visit to the U.S. would lead to positive outcomes.

¶5. (C) Comment: Although not a member of the NCP, Al Dugair expressed views on U.S. sanctions that are in complete

lock-step with those of the regime. End comment.

[¶6.](#) (U) S/USSES cleared this message.
ASQUINO